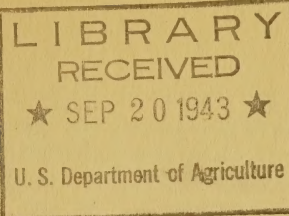


Reserve



RR-2-JAB
Revised,
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Program Analysis Report No. 7 (Revised)
Planning and Control Section
Rural Rehabilitation Division

REHABILITATION PROGRESS OF ACTIVE STANDARD BORROWERS

Active standard rural rehabilitation borrowers increased their annual net income by 43 percent and their net worth by 26 percent from the year before they were classified as standard borrowers to the 1939 crop year (Table I). The increases in net income varied from 20 percent in Region IX to 83 percent in Region XII. Increases in net worth varied from 5 percent in Region XII to 50 percent in Region VI. All Regions showed increases both in average annual net income and in average net worth.

Table I. Changes in the Average Net Income and the Average Net Worth of Active Standard Rural Rehabilitation Borrowers from Year Preceding First Crop Year as a Standard Borrower to 1939 Crop Year, by Regions ^{1/}

A	B	C	D	E	F	G	H
	Average net income			Average net worth			
Region	Borrowers for whom information was obtained	Year pre-ceding first crop year on program	1939 crop year	Increase in net income	Year pre-ceding first crop year on program	1939 crop year	Increase in net worth
	Number	Dollars	Dollars	Percent	Dollars	Dollars	Percent
United States:	69,385	375	538	43	884	1,115	26
I	2,093	606	752	24	1,842	1,952	6
II	4,183	463	632	36	1,149	1,651	44
III	11,059	467	640	37	830	1,176	42
IV	10,721	479	619	29	1,144	1,419	24
V	12,776	174	271	56	480	537	12
VI	8,286	270	463	71	388	583	50
VII	5,622	307	505	64	474	534	13
VIII	7,077	273	468	71	753	978	30
IX	1,845	746	891	20	2,548	3,186	25
X	1,783	578	808	40	1,595	1,769	11
XI	1,960	727	920	27	2,310	2,821	22
XII	1,980	299	546	83	940	985	5

^{1/} Figures in this table were calculated from the County Supervisors' Annual Report of the Family Progress of Standard RR Borrowers, 1939.

Percentage increases in net income exceeded the percentage increases in net worth in all but three Regions. In a general way these figures indicate that those standard borrowers who have remained active have made fair progress both in increasing their net worths and their annual net incomes. The figures further suggest that changes in net income and in net worth are not uniquely related; that is, an increase in annual net income does not necessarily bring about an increase in net worth. Moreover, a Region may show a marked increase in net worth without a great deal of change in annual net income.

For the United States as a whole, active standard rural rehabilitation borrowers received an average of \$839 in loan advances during the time they have been standard cases. This amount varied from \$473 in Region IV to \$2,693 in Region X (Table II). During the same period these borrowers have repaid an average of \$262, or 31 percent, of the amount of rural rehabilitation loan advances received. The repayment percentage varied from 15 percent in Region VII to 46 percent in Region VI.

Table II. Average Amount of Rehabilitation Loan Advances and Grant Payments Received and Repayments on Rehabilitation Loan Advances Made by Active Standard RR Borrowers since the Date on Which the Initial Standard Loan was Approved, by Regions 1/

A	B	C	D	E	F
Region	Borrowers for whom information was obtained:	Average amount of rehabilitation loan advances	Repayments on rehabilitation loan advances	Average	Proportion of grant payments
	Number	Dollars	Dollars	Percent	Dollars
United States	69,385	839	262	31	57
I	2,093	1,237	401	32	38
II	4,183	962	300	31	75
III	11,059	755	194	29	29
IV	10,721	473	184	39	20
V	12,776	607	191	31	37
VI	8,286	660	302	46	23
VII	5,622	1,273	195	15	255
VIII	7,077	788	308	39	50
IX	1,845	1,355	439	32	40
X	1,783	2,693	701	26	116
XI	1,960	1,387	463	33	32
XII	1,980	1,134	403	36	120

1/ Calculated from County Supervisors' Annual Report of the Family Progress of Standard RR Borrowers, 1939.

In interpreting these figures on loan advances and repayments, the following considerations must be kept in mind. The averages refer to the amount of loan advances received or the amount of repayments made during the period between the date of the classification of the case as standard and December 31, 1939. This interpretation means that even though certain of the borrowers may have received loan advances prior to their classification as standard cases, the amount of these loan advances are not included in the figures shown in Table II. Repayments on such loan advances are included, however, if these repayments were made during the period since the case was classified as standard. Another consideration in the interpretation of these repayment figures is the fact that only those borrowers considered by the county supervisors to be active standard borrowers were included in the sample. The omission of paid-up borrowers reduces the repayment ratio while the exclusion of the inactive borrowers increases the ratio. The percentage of repayments shown in Table II should, therefore, be interpreted as being the repayment record of active standard borrowers and not of all standard borrowers.

Active standard borrowers received an average amount of grant payments of \$57, considerably less than the \$262 average repayments. In only one Region, Region VII, did the average amount of grant payments per borrower exceed the average amount of repayments. Region VII borrowers received an average of \$255 in grant payments but made repayments of an average amount of only \$195. The average amount of grant payments per borrower ranged from \$20 in Region IV to \$255 in Region VII.

Other indications of rehabilitation progress of active borrowers are the net increase in the number of such borrowers who own all or part of the farms they operate and the net decrease in the number of borrowers whose tenure status is that of sharecropper or laborer. There was an increase of 8 percent in the number of borrowers who owned all or part of the farms they operated. In other words, 1,833 of the 69,385 borrowers for whom information was obtained became owners of all or part of the farms they operated during the period while they were active standard rehabilitation borrowers (Table III).

At the other end of the tenure ladder, there was an 87 percent decrease in the number of standard borrowers who were sharecroppers or laborers. That is to say, 12,987 of the 69,385 borrowers in the sample raised their tenure status from laborers to croppers. These figures indicate clearly that over the country as a whole rural rehabilitation borrowers have made considerable progress in improving their tenure status. The increase in the number of owners varied from a 7 percent decrease in Region VII to a 20 percent increase in Region VI. The decrease in the number of sharecroppers and laborers ranged from a decrease of 60 percent in Region I to the 97 percent decrease in Region VI. It should be noted here that if none of the active standard borrowers were laborers or sharecroppers in 1939, all of the figures in Column F, Table III, would be 100 percent. As will be pointed out later, some of our active standard borrowers, as classified by county supervisors, are laborers and sharecroppers. On the whole, it may be said that active standard borrowers have made good progress in climbing the tenure ladder.

Table III. Net Change in the Tenure Status of Active Standard RR Borrowers from Year Preceding First Crop Year as a Standard Borrower to the 1939 Crop Year, by Regions 1/

A	B	C	D	E	F
Region	Borrowers for whom information was obtained	Increase in number of borrowers who own all or part of the farm operated	Decrease in number of borrowers who are sharecroppers or laborers		
	<u>Number</u>	<u>Number</u>	<u>Percent 2/</u>	<u>Number</u>	<u>Percent 3/</u>
United States	69,385	1,833	8	12,987	87
I	2,093	57	4	86	60
II	4,183	76	5	749	89
III	11,059	260	10	2,109	92
IV	10,721	262	5	1,250	65
V	12,776	285	8	3,189	89
VI	8,286	460	20	2,879	97
VII	5,622	-62	-7	526	92
VIII	7,077	122	8	1,319	88
IX	1,845	138	11	183	86
X	1,783	59	8	155	73
XI	1,960	136	14	518	93
XII	1,980	40	6	224	79

- 1/ Calculated from County Supervisors' Annual Report of the Family Progress of Standard RR Borrowers, 1939.
- 2/ Figures in this column were obtained by calculating the number of borrowers who became owners or part-owners during the period as a percent of the total number of owners and part-owners during the year before acceptance.
- 3/ Figures in this column are the decrease in the number of sharecroppers and laborers expressed as a percent of the total number of laborers and sharecroppers during the year before acceptance.

Nature of Farming Enterprises, 1939 Crop Year

The average active standard rural rehabilitation borrower in the country operated a 142-acre farm, had a gross cash income in 1939 of \$642, produced \$247 worth of goods for consumption in the home, and had a net income of \$538 in 1939. That part of the farming business which contributed the cash income was not greatly diversified, only two enterprises contributing 10 percent or more to the gross cash income. This average borrower had a net worth on December 31, 1939, of \$1,115 (Table IV).

Table IV. Nature of the Farming Enterprises of Active Standard RR Borrowers, 1939 Crop Year, by Regions 1/

A	B	C	D	E	F	G	H
Region	Borrowers for whom information was obtained	Average size of farms, 1939	Average net income, 1939	Average net worth, Dec. 31, 1939	Average value of goods produced for family use, 1939	Average gross cash income, 1939	Average number of farm enterprises returning 10% or more of gross each income
	Number	Acres	Dollars	Dollars	Dollars	Dollars	Number
United States:	69,385	142	538	1,115	247	642	2
I	2,093	109	752	1,952	269	1,609	2
II	4,183	138	632	1,651	186	943	3
III	11,059	130	640	1,176	208	780	3
IV	10,721	87	619	1,419	340	466	2
V	12,776	57	271	537	233	282	2
VI	8,286	57	463	583	280	295	2
VII	5,622	338	505	534	201	721	3
VIII	7,077	125	468	978	235	505	2
IX	1,845	139	891	3,186	209	1,620	2
X	1,733	746	808	1,769	246	1,367	2
XI	1,960	147	920	2,821	251	1,508	2
XII	1,980	404	546	990	232	797	2

1/ Calculated from County Supervisors' Annual Report of the Family Progress of Standard RR Borrowers, 1939.

The average size of farm operated by our borrowers in each Region varied from 57 acres in Regions V and VI to 746 acres in Region X. Average annual net incomes in 1939, varied from \$271 in Region V to \$920 in Region XI, and average net worths ranged from \$534 in Region VII to \$3,186 in Region IX. Gross cash incomes in 1939 varied from an average of \$282 in Region V to \$1,620 in Region IX. All Regions except II, III, and VII had a diversification index of two. Each of these Regions (II, III, and VII) showed an average of three enterprises returning 10 percent or more of the gross cash income. The value of goods produced for use by the farm family shows less variation from Region to Region than does gross cash income. The average value of home-used products varied from \$186 in Region II to \$340 in Region IV.

Table V gives some indication of the self-sufficing nature of the farming enterprises of standard rehabilitation borrowers in 1939. The average active standard borrower canned 242 quarts of fruits and vegetables for home use, produced 447 pounds of meat for family consumption, and used 448 gallons of farm produced milk. The total value of farm produced and home used products represented 28 percent of the total gross income of this family (Table V).

Table V. Self-sufficiency in the Farming Enterprises of Active Standard RR Borrowers, 1939 Crop Year, by Regions 1/

A	B	C	D	E	F
Region:	Borrowers	Proportion of gross income involved in home use of products <u>2/</u>	Average amount of fruit and vegetables canned, 1939	Average amount of meat produced for home consumption, 1939	Average amount of milk produced for home consumption, 1939
	Number	Percent	Quarts	Pounds	Gallons
United States:	69,385	28	242	447	448
I	2,093	14	211	373	420
II	4,183	16	226	399	318
III	11,059	21	316	446	455
IV	10,721	42	276	520	511
V	12,776	45	172	471	376
VI	8,286	49	301	377	455
VII	5,622	22	110	470	392
VIII	7,077	32	250	448	581
IX	1,845	11	237	299	466
X	1,783	15	204	514	467
XI	1,960	14	327	398	428
XII	1,980	23	200	433	477

1/ Calculated from County Supervisors' Annual Report of the Family Progress of Standard RR Borrowers, 1939.

2/ Value of products produced for home consumption as a percent of total gross family income.

The importance of home-use products in total gross income (Column C, Table V) varied from 11 percent in Region IX to 49 percent in Region VI. Average number of quarts of fruits and vegetables canned ranged from 110 in Region VII to 327 in Region XI. The average borrower in Region IV produced 520 pounds of meat for home use while borrowers in Region IX produced an average of only 299 pounds. Milk production for home use was lowest in Region II where, surprisingly, the average was only 318 gallons as compared with the highest average production in Region VIII of 581 gallons.

All of these figures indicate that the farming economy of active standard rehabilitation borrowers in 1939 was far from completely self-sufficing. Seventy-two (72) percent of the gross income of these borrowers came from the sale of crops, livestock, or livestock products for cash. Only in Regions IV, V, and VI did home-use products represent nearly one-half of the total gross income.

Sixty-two (62) percent of the active standard RR borrowers in 1939 were tenants. Another 29 percent of such borrowers were full-owners; 6 percent of all borrowers were part-owners; 2 percent were sharecroppers, and only 1 percent were laborers (Table VI).

Table VI. Tenure Status of Active Standard RR Borrowers, 1939 Crop Year, by Regions 1/

A	B	C	D	E	F	G	H	I	J	K	L
:Borrowers: Tenure status of borrowers, 1939 crop year											
Region:for whom :											
:data were: Full-owners: Part-owners: Tenants: Share-: Laborers											
:obtained:											
: Per-: Per-: Per-: Per-: Per-											
: Number: Number: cent: Number: cent: Number: cent: Number: cent: Number: cent											
: : : : : : : : : : : :											
United:	:	:	:	:	:	:	:	:	:	:	:
States:	69,385	:20,333	:29	:4,395	:6	:42,790	:62	:1,492	:2	:375	:1
I	:2,093	:1,362	:65	:76	:4	:598	:29	:51	:2	:6	:2/
II	:4,183	:1,473	:35	:210	:5	:2,409	:58	:79	:2	:12	:2/
III	:11,059	:2,219	:20	:521	:5	:8,142	:74	:123	:1	:54	:2/
IV	:10,721	:4,915	:46	:892	:8	:4,238	:40	:617	:6	:59	:2/
V	:12,776	:3,200	:25	:631	:5	:8,562	:67	:315	:2	:68	:1
VI	:8,286	:2,434	:29	:314	:4	:5,460	:66	:70	:1	:8	:2/
VII	:5,622	:438	:8	:418	:7	:4,722	:84	:36	:1	:8	:2/
VIII	:7,077	:1,189	:17	:381	:6	:5,319	:75	:84	:1	:104	:1
IX	:1,845	:1,112	:60	:228	:12	:474	:26	:15	:1	:16	:1
X	:1,783	:540	:30	:279	:16	:906	:51	:51	:3	:7	:2/
XI	:1,960	:955	:49	:187	:10	:793	:40	:9	:2/	:16	:1
XII	:1,980	:496	:25	:258	:13	:1,167	:59	:42	:2	:17	:1

1/ Calculated from County Supervisors' Annual Report of the Family Progress of Standard RR Borrowers, 1939.

2/ Less than .5 percent.

The percentage of tenancy among active standard borrowers varied from 29 percent in Region I to 84 percent in Region VII. Only 8 percent of the borrowers in Region VII are full-owners. It is interesting to note that 6 percent of the borrowers in Region IV are sharecroppers while the percentages in Regions V and VI, the general area of sharecropping, are only 2 percent and 1 percent, respectively. In Region VIII, only 1 percent of the borrowers in 1939 were sharecroppers.

Active standard borrowers in Region X owned 31 non-work livestock as compared with a national average of 9 per borrower. In Region V the average was only 3 per family (Table VII). Over the nation as a whole, each rural rehabilitation borrower owns two head of workstock. Region VII and Region X borrowers have four workstock per family while Region V borrowers have an average of only one head of workstock per family.

Table VII. Average Number of Non-work Livestock Units Owned, Average Number of Workstock Owned, and Average Number of Supervisory Visits Received by Active Standard RR Borrowers, 1939, by Regions 1/

A	:	B	:	C	:	D
Region	:	Average number of non-work livestock units owned <u>2/</u>	:	Average number of workstock owned	:	Average number of supervisory visits received
United States	:	9	:	2	:	5
I	:	11	:	2	:	4
II	:	14	:	3	:	5
III	:	11	:	2	:	4
IV	:	5	:	2	:	5
V	:	3	:	1	:	7
VI	:	4	:	2	:	6
VII	:	17	:	4	:	3
VIII	:	9	:	3	:	4
IX	:	13	:	3	:	8
X	:	31	:	4	:	4
XI	:	10	:	2	:	4
XII	:	12	:	3	:	5

1/ Calculated from County Supervisors' Annual Report of the Family Progress of Standard RR Borrowers, 1939.

2/ The number of non-work livestock units was calculated as follows: Each of the following equals one livestock unit: 1 cow, 2 heifers, 4 calves, 2 feeders, 2 colts, 5 sows, 25 turkeys, 100 hens other than turkeys, young stock according to maturity.

Supervisory Visits

If all active standard rural rehabilitation borrowers are considered as a group, each borrower is receiving less than one supervisory visit every two months. This number includes visits by both the county RR supervisor and the home supervisor. Region VII borrowers received an average of only three supervisory visits per year; borrowers in Regions I, III, VIII, X, and XI received only four visits per year. Region V borrowers were visited an average of seven times in 1939, while borrowers in Region IX received eight visits during that year. On the whole, these figures indicate that active standard borrowers receive considerably less supervision than would be desirable, the average borrower being visited approximately two and a half times a year by each supervisor.

The Sample

A new method of obtaining the Annual Report of the Family Progress of Standard RR Borrowers was instituted for the 1939 crop year. Heretofore, each county supervisor was required to make a single report on all the borrowers in his county. This year county supervisors prepared an individual report on each of particular borrowers. The borrowers to be reported upon were selected by taking a random sample of active standard RR borrowers from the regional office Kardex records. This was done by going through the Kardex files, making out a report form for every fourth case signalled as being an active standard borrower. In Region IV every third case was selected. The report forms so selected were transmitted to county supervisors with the request that they complete reports on all borrowers whom they considered to be active standard.

Table VIII compares the number of selected borrowers with the number of active standard borrowers as shown by Kardex records in the regional offices and with the number of such borrowers as reported by county supervisors. The 69,385 records obtained are approximately 19 percent of the total number of borrowers as reported by county supervisors and 18 percent of the total number shown on Kardex records (Table VIII).

Table VIII. Number of Active Standard RR Borrowers as Shown by Kardex Records in Regional Offices, and as Reported by County Supervisors, Compared with the Number of Such Families Selected for the Annual Report of Family Progress, December 31, 1939, by Regions

A	B	C	D	E	F
Active standard RR borrowers					
: As shown	: As reported by	Selected for Family Progress Report			
: by Kardex	: county super-				
Region: records in:	visors on 1939	: As percent of	: As percent of		
: regional	: Annual Report	: all such	: all such borrow-		
: offices	: of Family	: borrowers	: ers reported		
: Dec. 31,	: Progress	: as shown	: by county		
: 1939		: by Kardex	: supervisors		
: <u>Number</u>	: <u>Number</u>	: <u>Number</u>	: <u>Percent</u>	: <u>Percent</u>	
United:	:	:	:	:	:
States: 382,698	: 360,015	: 69,385	: 18	:	19
I : 11,149	: 11,738	: 2,093	: 19	:	18
II : 22,380	: 22,879	: 4,183	: 19	:	18
III : 60,236	: 57,370	: 11,059	: 18	:	19
IV : 47,451	: 42,809	: 10,721	: 23	:	25
V : 76,158	: 66,974	: 12,776	: 17	:	19
VI : 48,818	: 47,351	: 8,286	: 17	:	17
VII : 29,901	: 28,539	: 5,622	: 19	:	20
VIII : 45,082	: 42,564	: 7,077	: 16	:	17
IX : 9,844	: 9,392	: 1,845	: 19	:	20
X : 9,280	: 8,460	: 1,783	: 19	:	21
XI : 11,943	: 11,164	: 1,960	: 16	:	18
XII : 10,456	: 10,875	: 1,980	: 19	:	18

Inasmuch as the Kardex records of the number of active cases did not agree with county supervisors' classification, the sample obtained in each Region and state was not uniform. This lack of uniformity could have been, but was not, eliminated by a random elimination of reports.

On the whole, the county office classification of cases and that shown by Kardex are not as far divergent as was the case on December 31, 1938, when the 1938 Report of Family Progress was submitted.

